

Lease No.: 10403

County: Sheridan

Lessee: Joe Juve

High Bidder: James Lossing, Jr.

Hearing Time: Friday, April 23, 2010 @ 8:00 a.m.

Tracts: T34N R52E S36: SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ - 120 Ac. - Common School Grant

Grazing Acres: 120 AUM Rating: 35

Ag (Crop) Acres: 0

High Bid: \$15.00 per AUM

Other Bids: None

Previous Rental: \$10.51 per AUM

Prevalent Community Rental Information:

State Land County Bid Averages: \$12.72 per AUM

MT Ag Statistics 2009 Private Lease Rate: \$18.00/AUM

Findings: The Lessee, Mr. Joe Juve appeared and testified. The High Bidder, Mr. James Lossing did not appear, but provided written materials concerning his bid. Mr. Juve discussed the history of his acquisition of this lease and his methodology for submitting his previous bid of \$10.51/AUM.

This tract possesses no independent source of water, which limits its use, and requires the Lessee to haul water to the tract every couple of days that he utilizes it for the grazing of livestock. Mr. Juve has fenced the boundaries of this 120-acre tract and it is managed independently from any private lands. Typically, the Lessee has utilized this tract infrequently. When utilized, he usually stocks it with 5 to 10 cow/calf pairs during the Summer season. The Lessee provided a series of photographs of this tract which show the forage to be in excellent condition. Mr. Juve has grazed this tract successfully for the last 10 years.

Mr. Juve stated that the small size of the tract doesn't justify the cost of further water development, but he finds it useful as reserve pasture. This tract has direct access by a County road, but has very few weed issues due to the excellent management it has received from Mr. Juve. Due to the lack of any water supply to support the grazing of livestock, the high bid of \$15.00/AUM is above community standards for a lease of this type.

Recommendation: The Director recommends that the Board issue the next term of this lease to Mr. Joe Juve, as the best-qualified Lessee, and that the Board set the rental rate for this lease at the Sheridan County State competitive bid average of \$12.72/AUM.